



FEATURED OPTIONS RADAR REPORT



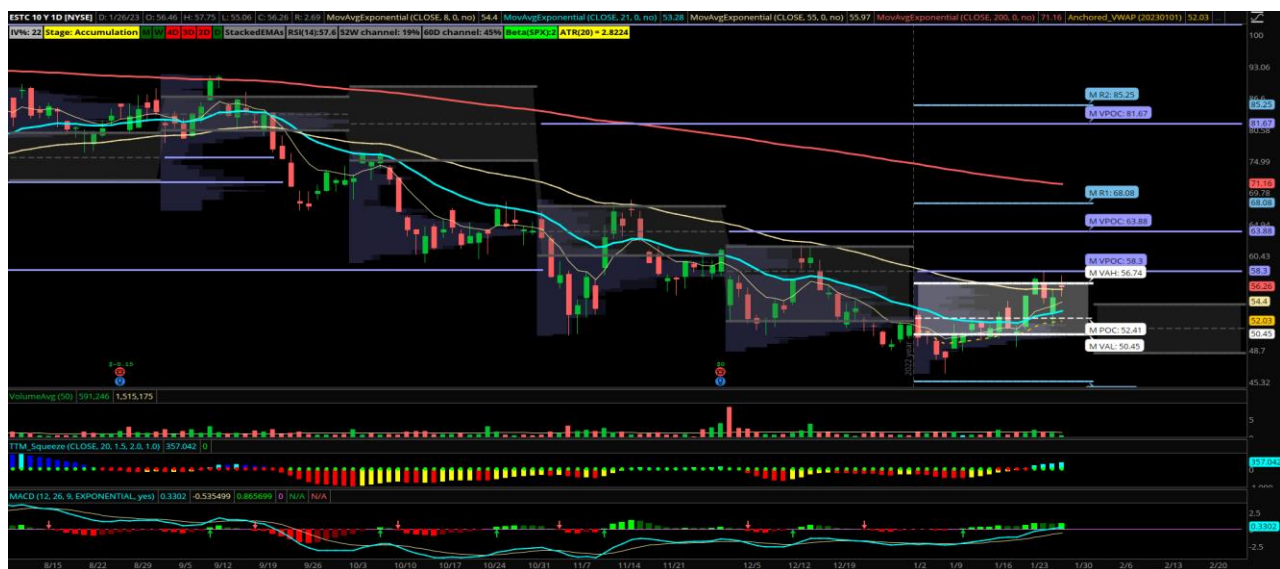
Data Analytics Software Name Sees Unusual Call Buyers

Ticker/Price: ESTC (\$56.28)

Analysis:

Elastic (ESTC) on 1/25 saw 1350 February \$55 calls bought up to \$2.65 which followed recent unusual action of 2000 March \$55 calls bought for \$5.60 on 1/20 and still holding in OI. A name that rarely sees size call buys and these looking for a short term move into February as software stocks start to gain steam. Shares have been basing and this week trying to reclaim the top of monthly value and 55-day EMA at 56.50 roughly. A move above there can trigger a breakout towards 60 and then 64 being a key VPOC higher. ESTC has the 200 EMA up at 71 currently and a 50% retracement from the Aug highs would come in at 68. The \$5.3B company trades at 89.9x earnings, 45x EBITDA, 4.0x sales, with FCF yield at 1.9% while revenue is expected to grow +24% in FY23 and +22% growth estimated in FY24. Elastic NV is a Netherlands-based data analytics company. The Company's platform, which is available as both a hosted, managed service across public clouds as well as self-managed software, allows its customers to find insights from large amounts of data and take action. Average analyst target is \$73. Canaccord lowered its target last week to \$70 from \$82 and keeps a Buy rating as the analyst said he is still very much a believer in the platform's cross-sell opportunity, the propensity of its customers to ramp consumption in the cloud faster than on-prem, and for on-prem workloads to shift to the cloud faster than expected. Citi was positive on the stock late in 2022 saying while hyperscaler cloud results slowed in Q3, we see offsets thru company specific factors for ESTC. The company's Q2 report showed small business headwinds in cloud revenue and a sudden decision to shift business to self-service, resulting in a 13% workforce reduction. They maintained a Buy rating and \$90 target. Barclays has a \$62 target and Overweight rating and believes the first half of the year will remain difficult for software but sees hope for the second half as numbers don't seem to have significant downside. Truist lowered its target to \$75 from \$85 but keeps a Buy rating on shares and cites the valuation of software stocks remains highly sensitive to interest rate shifts and Fed policy. Short interest is at 5.7%. Hedge fund ownership fell 5.3% last quarter.

Hawk Vision:



Hawk's Perspective: ESTC is a sluggish name but a close back over monthly value at 57 can be bought for a potential swing up to 60-64 as software seems back in play.

Confidence Ranking: \$